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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/202,424	02/19/1999	HERVE ORUS	G-41	2885

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ROLAND PLOTEL
ROCKEFELLER CENTER STN
PO BOX 293
NEW YORK, NY 101850293

EXAMINER

TREMBLAY, MARK STEPHEN

ART UNIT	PAPER NUMBER
2876	

DATE MAILED: 09/24/2002

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary	Application No.	Applicant(s)	
	09/202,424	ORSUS ET AL.	
	Examiner Mark Tremblay	Art Unit 2876	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).
- Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) Responsive to communication(s) filed on 31 May 2002.
- 2a) This action is FINAL. 2b) This action is non-final.
- 3) Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) Claim(s) 1,26,28-34 and 36-41 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) Claim(s) _____ is/are allowed.
- 6) Claim(s) 1,26,28-34 and 36-41 is/are rejected.
- 7) Claim(s) _____ is/are objected to.
- 8) Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) The specification is objected to by the Examiner.
- 10) The drawing(s) filed on _____ is/are: a) accepted or b) objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
- 11) The proposed drawing correction filed on _____ is: a) approved b) disapproved by the Examiner.
If approved, corrected drawings are required in reply to this Office action.
- 12) The oath or declaration is objected to by the Examiner.

Priority under 35 U.S.C. §§ 119 and 120

- 13) Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) All b) Some * c) None of:
1. Certified copies of the priority documents have been received.
 2. Certified copies of the priority documents have been received in Application No. _____.
 3. Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
- * See the attached detailed Office action for a list of the certified copies not received.
- 14) Acknowledgment is made of a claim for domestic priority under 35 U.S.C. § 119(e) (to a provisional application).
- a) The translation of the foreign language provisional application has been received.
- 15) Acknowledgment is made of a claim for domestic priority under 35 U.S.C. §§ 120 and/or 121.

Attachment(s)

- | | |
|---|---|
| 1) <input type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input checked="" type="checkbox"/> Interview Summary (PTO-413) Paper No(s). <u>16</u> |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152) |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO-1449) Paper No(s) _____. | 6) <input type="checkbox"/> Other: _____ |

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

5 (a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

10 This application currently names joint inventors. In considering patentability of the claims under 35 U.S.C. 103(a), the examiner presumes that the subject matter of the various claims was commonly owned at the time any inventions covered therein were made absent any evidence to the contrary. Applicant is advised of the obligation under 37 CFR 1.56 to point out the inventor and invention dates of each claim that was not commonly owned at the time a later invention was made in order for the examiner to consider the applicability of 35 U.S.C. 103(c) and potential 35 U.S.C. 102(f) or (g) prior art under 35 U.S.C. 103(a).

15 Claims 1, 26, 28-34, and 36-41 are rejected under 35 U.S.C. § 103 as being unpatentable over U.S. Patent #5429,361 to Raven et al. ("Raven" hereinafter) in view of US Patent #5,451,756 to Holzer et al. Raven teaches a method having the following steps, during a gambling 20 operation:

reading data stored in a gambling card, particularly an identification number of the card and data representing the value units debited/credited initially and during the preceding gambling operations (see particularly column 10, line 38 - column 11, line 62), characterized by the following steps:

25 electronically securing (see column 10, lines 14-15 and line 56) and exchanging data between the machine and a database of the central processing unit by means linking the secured network, particularly data representing the balance of the value units and the identification number of the card; and

30 updating data at least twice during each use of the card (see column 11, lines 36-37) in a gambling playing session and then checking that the data stored in the gambling card correspond (lines 47-63) to the data in the database in order to monitor the integrity of a system constituted by such a card, such a machine, the network, and the central processing unit.

35 On the point of the "secured network" it is not clear whether the examiner should interpret this to mean that encryption is used to protect the network (which is one reasonable industry-accepted interpretation) or whether to interpret any nominal mention of electronic security in

Raven as meeting the bare recitations of security in claims 1 and 26. Assuming that it is determined that the interpretation should be the latter, Examiner's position is that the claims remain unpatentable because a "secured network" is an obvious adaptation of the teachings of Raven. Official Notice is taken that secured networks are old and well known in the art. See In Re Malcolm 1942 C.D.589:543 O.G. 440. It would have been obvious at the time the invention was made to a person having ordinary skill in the art to use a secured network with the Raven et al system, because this would protect the system from any unauthorized tampering with signals traveling between the Mastercom and the main computer, preventing theft of assets. Since Raven mentions security as a primary function of Mastercom (col. 2, line 48), this use is clearly suggested by the reference to a person of ordinary skill in the art who is well aware of the existence of secured networks. Were the secured networks not already reduced to practice, the Applicant's own disclosure would have been required to present voluminous details to enable the invention.

It is also unclear whether Raven clearly teaches updating the card at least twice during a gambling session. This, however, is a well known feature of many other stored value card systems. Typically, there is some concern that an unethical user will take advantage of a card transaction (e.g. receive a vended product, or pay a bill), but disable the machine from updating the card to reflect the transaction. This is done in a myriad of ways, invented by many criminally creative individuals. A machine may be unplugged before update. A machine may be blocked from contacting one of the contacts on a smart card, e.g. using adhesive tape on a selected metal contact, preventing updates. A tether may be affixed to a card, so that it may be yanked from the machine at any time to interfere with writing to the card. The eject button may be pressed at the anticipated time of updating. Other unauthorized methods are well known in the art. Solutions are also myriad. One includes writing all data twice, particularly balance data, so that if a machine is unplugged during a write procedure, it may be immediately ascertained, because the double-entry values will not match. This is an old and well known method. It would have been obvious at the time the invention was made to a person having ordinary skill in the art to update the card twice during each gambling session as taught in Raven, because otherwise a user could unplug the machine and retrieve the card forcibly, using a tether, if a gambling session resulted in a net loss.

This would prevent knowledgeable users from gambling, and pulling their cards from the machine if the session went poorly. Even if the machine was merely unplugged, upon reboot, the machine would not realize the card had not been updated, and the gambler would have avoided a loss, thus assuring only net gains are recorded on the card.

5 The obviousness of updating the card at least twice during a gambling session may also be inferred directly from the Raven invention. Raven teaches that "Each bet is subtracted (debited) from his card, and any wins are added (credited) to his card." (col. 11, line 36-38). The most straightforward interpretation of this is that the card is debited or credited after each bet. However, Raven teaches a few lines down that the smart card is mechanically locked into place, 10 and when the player requests that the card be ejected, "At this time, the card balance is updated, and the new balance is sent to the MASTERCOM 14." From this passage, it is unclear exactly where the card balance is updated. Is Raven referring to the balance stored on the card, in the DMK unit 12, or in the MASTERCOM 14? For determining obviousness, it does not matter. With the teaching above that "Each bet is subtracted (debited) from his card, and any wins are 15 added (credited) to his card," it is obvious to update the balance stored on the card after each bet. If one assumes that the mechanical lock is an alternative or improvement to avoid updating the card after each bet, it would still be obvious to leave off the lock and this avoidance function.

20 In addition, in a brief disclosure, Holzer teaches the continuous update of the central computer. Here, it is seen that while it might be assumed to be sufficient to update the central computer upon insertion of the card, and again upon removal of the card, the update of the central computer "continuously" is seen as a worthwhile measure against fraud. By strictly parallel analogy, while it might be assumed to be sufficient to update the balance on the card upon insertion of the card, and again upon removal of the card, the update of the balance on the card 25 "continuously" would obviously be seen as a worthwhile measure against fraud. It would have been obvious at the time the invention was made to a person having ordinary skill in the art to update the card continuously in the Raven invention as suggested by analogy to Holzer because this would be an additional effective measure against fraud such as a defeat of the mechanical mechanism locking the card in place.

Re claims 28-29 and 40-41, see the discussion of writing each value twice. This same logic applies to writing twice, once locally and once centrally.

Re claims 30-34, and 38-39 the claims correspond to at least two notoriously well known encryption systems. Official Notice is taken that public key cryptography and DES, including the
5 use of secret keys, and security modules which calculate authentication certificates (in each type of system) is old and well known in the art. See In Re Malcolm 1942 C.D.589:543 O.G. 440. It would have been obvious at the time the invention was made to a person having ordinary skill in the art to use public key cryptography or DES to secure the financial transactions taught in Raven. It would have been obvious at the time the invention was made to a person having
10 ordinary skill in the art to use a known security module to calculate authentication certificates to authenticate the gambling card's certificate.

Re claim 37, this is a standard smart card function, found in text books on smart cards.

Response to Arguments

15 Applicant's arguments filed 5/31/02 have been fully considered but they are not persuasive. Applicant generally argues in the response that, "The prior art Raven, Ref. A., does not show the storing of each change of value in both the card and the database and verification and exchange for each change of value. The use of this double entry and verification in the gambling environment is new." This point is generally addressed in the rejection above.
20 Applicant argues that during the interview, the field of the invention was discussed. Examiner asserted in both the interview and the rejection that "double entry" is old and well known in the art. Regardless of whether a smart card system is applied to gambling or vending, it is smart card art, which would be designed and implemented by substantially equivalent artisans. When implementing a smart card system, the fundamental smart card/reader/central computer
25 technology is basically the same regardless of the application. In fact, this is a major selling point of smart cards-- they are versatile. Universities such as Florida State University use them with students because they can be used to provide for library access, building access, meal plans, student activities, phone service, vending machines, washroom facilities, medical information, photocopiers, laundry, transcripts, etc. The fundamental thing a smart card does is safeguard

information that has inherent value. Teachings from any smart card system, regardless of whether the application is gambling, vending, telephone service, or credit services, are in general analogous, because they all are designed to safeguard distributed *valuable* information using cards with an embedded microcomputer, readers for the cards, and a central administrative computer system. In this case, a balance on a card which changes after each transaction is analogous whether the card is used for gambling, banking, prepaid telephone access, credit, video games, or numerous other applications. The examiner's finding that double entry is old and well known in the art is not contradicted by Applicant's argument that any "non-gambling" application is non-analogous.

Applicant also presents a discussion of smart cards in general and gambling machines in general, noting that each have been around for more than 20 years. Applicant asserts that "One reason for hesitating to go to the cards for gaming applications has been security." Applicant then argues that the instant invention "is more secure than the prior art", and argues that it may encourage adoption by the gambling industry. Examiner is not persuaded by this line of argument. The prior art relied upon by Examiner, Raven and Holzer, teach the use of electronic cards for gambling. There is no suggestion in either reference, or in the prior art in general, that security is a reason not to adopt smart cards; just the opposite. Smart cards are generally regarded as more secure than any printed money or magnetic stripe system. The main obstacle to their adoption is expense and owner/user acceptance of a new system. The instant invention addresses neither of these obstacles.

Conclusion

THIS ACTION IS MADE FINAL. Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR

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1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the mailing date of this final action.

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**MARK TREMBLAY
PRIMARY EXAMINER**

September 15, 2002

Art Unit 2876

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